

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-11

IO-13 SP-02 AID-05 TRSE-00 SS-15 STR-07 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00 NSCE-00

SSO-00 ICAE-00 INRE-00 /129 W

-----032957 060443Z /21

O 051536Z MAY 78

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC IMMEDIATE 0000

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY JIDDAH

AMEMBASSY KUWAIT

AMEMBASSY LONDO

AMEMBASSY MADRID

AMEMBASSY MAINILA

AMEMBASSY PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM 09

AMEMBASSY TOKYO

AMEMBASSY BONN

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DEPT PLS PASS ALL AF POSTS

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MANILA FOR USADB

PASS TREASURY FOR ASSISTANT SECRETARY BERGSTEN

TAGS: EAID, EFIN, AFDB, AFDG

E.O. 11652: N/A

SUBJ: SECOND GENERAL REPLENISHMENT OF THE AFRICAN

DEVELOPMENT FUND

REF: (A) LONDON 20392; (B) GENEVA 3568

SUMMARY: DONORS TO THE AFRICAN DEVELOPMENT FUND (AFDF) REACHED AGREEMENT ON A 700 MILLION FUND UNIT OF ACCOUNT (FUA \$1.11) REPLENISHMENT TARGET FOR THE AFDF'S SECOND REPLENISHMENT PERIOD (1979-81). USDEL REAFFIRMED THE PLEDGE PRESIDENT CARTER MADE DURING HIS RECENT VISIT TO AFRICA TO SEEK CONGRESSIONAL APPROVAL OF A U.S. CONTRIBUTION OF \$125 MILLION, TO BE SUBSCRIBED IN THREE EQUAL INSTALLMENTS DURING 1979-81. THE TRIGGER MECHANISM ADOPTED WAS SIMILAR TO THAT ADOPTED IN THE RECENTLY CONCLUDED ASIAN DEVELOPMENT FUND REPLENISHMENT. AFDF RESOLUTION PROVIDE THAT DONORS WILL OBTAIN VOTES IN AFDF AS THEY MAKE ACTUAL PAYMENT OF EACH INSTALLMENT OF THEIR SUBSCRIPTION. END SUMMARY.

1. AT THE THIRD MEETING OF THE SECOND REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND HELD IN LIBREVILLE ON APRIL 30, MAY 3 AND MAY 4, IN CONJUNCTION WITH THE 1978 ANNUAL MEETING OF THE AFRICAN DEVELOPMENT BANK AND FUND, AFDF DONORS MAINTAINED THE CONSENSUS REACHED AT THE GENEVA MEETING IN MARCH (REF B) THAT THE REPLENISHMENT SHOULD TOTAL FUA 700 MILLION. THE LIMITED OFFICIAL USE

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PLEDGES MDE AT LIBREVILLE TOWARD ATTAINMENT OF TARGET TOTALLED, HOWEVER, ONLY FUA 608.1 MILLION, WITH FUND MANAGEMENT BEING AUTHORIZED TO SEEK THE BALANCE. PLEDGES, BY COUNTRY, ARE AS FOLLOWS (EXPRESSED IN MILLIONS OF FUA):

BELGIUM 12.0
BRAZIL 9.0
CANADA 67.6
DENMARK 25.0
FINLAND 8.0
FRANCE 19.5
GERMANY 73.5
ITALY 30.0
JAPAN 95.0
NETHERLANDS 18.0
NORWAY 30.0
SPAIN 10.0
SWEDEN 42.0
SWITZERLAND 26.0
UNITED KINGDOM 30.0
USA 112.5

TOTAL 608.1

LIKELY SOURCES OF ADDITIONAL FUNDS ARE CONSIDERED TO BE KUWAIT, SAUDI ARABIA, ARGENTINA, YUGOSLAVIA, THE UAE, THE AFRICAN DEVELOPMENT BANK (AFDB) ITSELF, AND PERHAPS AN ADDITIONAL SUBSCRIPTION FROM FRANCE. NONETHELESS IT IS CONSIDERED UNLIKELY THAT FUA 700 MILLION TARGET WILL BE ATTAINED. AS SOME DELEGATIONS' INSTRUCTIONS WERE BASED ON CONTRIBUTING A CERTAIN PERCENTAGE TO THE REPLENISHMENT FIGURE, MAINTENANCE OF FUA 700 MILLION TARGET FIGURE WAS VIEWED AS ESSENTIAL BY SEVERAL DONORS.

2. SOME COUNTRIES, INCLUDING U.S., UK, AND CANADA, LIMITED OFFICIAL USE

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PLEDGED IN NATIONAL CURRENCIES, WHILE MOST COUNTRIES, INCLUDING GERMANY AND JAPAN, PLEDGED IN FUA. CONVERSIONS FROM NATIONAL CURRENCIES INTO FUA ARE BEING MADE AT THE RATES PREVAILING ON APRIL 28, 1978.

3. THE U.K. HAD ORIGINALLY PLEDGED FUA 26 MILLION (EQUIVALENT) BUT INCREASED ITS PLEDGE TO FUA 30 MILLION AFTER THE U.K. AND FRANCE CAME UNDER SEVERE CRITICISM FROM AFDF PRESIDENT FORDWOR IN HIS SPEECH BEFORE THE FIRST PLENARY SESSION OF THE BANK/FUND ANNUAL MEETING ON MAY 1, WITH RESPECT TO THE SMALL AMOUNT OF THEIR PLEDGES.

4. THE U.S. PLEDGE OF \$125 MILLION (MADE SUBJECT TO CONGRESSIONAL APPROPRIATION) ANNOUNCED BY PRESIDENT CARTER IN NIGERIA AND EAFFIRMED BY TREASURY ASSISTANT SECRETARY BERGSTEN AT LIBREVILLE WAS WELL RECEIVED. (SEE ALSO SEPTTEL ON ANNUAL MEETING). IN HIS STATEMENT AT THE REPLENISHMENT MEETING BERGSTEN STRESSED IMPORTANCE US ATTACHES TO AFRICAN DEVELOPMENT, TO MULTILATERAL ASSISTANCE, AND TO THE AFDF. HE ALSO STATED THAT

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XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00 NSCE-00

SSO-00 ICAE-00 INRE-00 /129 W

-----027829 060445Z /21

O 051536Z MAY 78

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC IMMEDIATE 976

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

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AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MANILA

AMEMBASSY APRIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM 10

AMEMBASSY TOKYO

AMEMBASSY BONN

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MANILA FOR USADB

PASS TREASURY FOR ASSISTANT SECRETARY BERGSTEN

THE DELAY INFORMULATING A US POSTION WAS DUE
TO A SLOW, DELIBERATE PROCESS ADOTPED TO INSURE
THAT U.S. PLEDGES WILL BE SUSTAINED BY THE U.S.
CONGRESS IN A TIMELY FASHION.

5. JAPAN'S PLEDGE OF FUA 95 MILLION WAS ALSO WELL
RECEIVED. IT WAS CONSIDERABLY HIGHER THAN HAD BEEN
EXPECTED.

6. THE TRIGGER MECHANISM ADOPTED WAS SIMILAR TO THAT ADOPTED IN THE RECENTLY CONCLUDED ASIAN DEVELOPMENT FUND REPLENISHMENT. ALL MEMBERS' SUBSCRIPTIONS WILL BE DIVIDED INTO THREE EQUAL TRANCHES, FOR LOAN COMMITMENT PURPOSES, WITH THE FIRST TRANCHE OF THE SUBSCRIPTIONS OF THE COUNTRIES WHICH HAVE MADE UNQUALIFIED COMMITMENTS (NOT SUBJECT TO APPROPRIATION) PRIOR TO THE EFFECTIVE DATE OF THE REPLENISHMENT BECOMING EFFECTIVE CONCURRENTLY WITH THE REPLENISHMENT. THE SECOND AND THRID TRANCHES OF COUNTRIES MAKING UNQUALIFIED COMMITMENTS WILL BECOME AVAILABLE FOR COMMITMENT ON JANUARY 1, 1980 AND 1981 RESPECTIVELY, IF PRIOR TO THOSE DATES COUNTRIES MAIING PREVIOUSLY QUALIFIED COMMITMENTS (I.E., THE U.S.) HAVE MADE UNQUALIFIED COMMITMENTS OF RONE THIRD AND TWO THIRS OF THEIR SUBSCRIPTIONS. IN ORDER TO ALLOW THE FLEXIBILITY DESIRED BY THE U.S. THE ARRANGEMENTS ALSO PROVIDE THAT IF THE U.S. FINDS IT IMPOSSIBLE TO MAKE COMMITMENTS ON SCHEDULE, IT WILL CONSULT WITH THE FUND TO ESTABLISH A REVISED PAYMENT SCHEDULE AND THE BOARD OF DIRECTORS LIMITED OFFICIAL USE

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MAY MODIFY THE ABOVE PERCENTAGES TO ALLOW THE FUND TO CONTINUE TO MAKE COMMITMENTS. THE ARRANGEMENTS ALSO PROVIDE THAT, IN CASE OF SUBSTANTIAL CUTS OR DELAYS, OTHER DONORS, AFTER CONSULTATION WITH THE FUND, MAY IF THEY WISH RESTRICT COMMENSURATELY THE AMOUNT OF THEIR SUBSCRIPTION AGAINST WHICH THE FUND MAY MAKE COMMITMENTS. IN ADDITION, THE ARRANGEMENTS ALSO PROVIDE THAT IN CASE OF SEVERE DELAYS IN THE RECEIPT OF SUBSCRIPTIONS THE FUND COULD CONVENE A MEETING OF DONOR COUNTRIES TO CONSIDER WAYS OF OBTAINING THE NECESSARY SUBSCRIPTIONS.

7 RESOLUTIONS ALSO ADDRESSES THE QUESTION OF ALLOCATION OF VOTING RIGHTS. (THIS CONSTITUTES A DISTINCTION BETWEEN AFDF REPLENISHMENT AND ASIAN DEVELOPMENT FUND REPLENISHMENT WHERE VOTES WERE NOT AN ISSUE, SINCE VOTES IN ASIAN BANK/FUND GROUPT ARE DTERMINED BY SUBSCRIPTIONS TO THE ASIAN DEVELOPMENT BANK RATHER THAN CONTRIBUTIONS TO THE ASIAN DEVELOPMENT FUND). USDEL PREVAILED IN HAVING DRAFT RESOLUTION PROVIDE THAT VOTING RIGHTS WILL BE ASSIGNED WHEN ACTUAL PAYMENTS (CASH OR NOTES) ARE MADE, RATHER THAN WHEN DONOR COUNTIES MAKE UNQUALIFIED COMMITMENTS. MOST COUNTIES ARE EXPECTED TO MAKE UNQUALIFIED COMMITMENTS FOR THE FULL AMOUNT OF THEIR SUBSCRIPTION AT THE TIME THEY DEPOSIT THEIR

INSTRUMENT OF SUBSCRIPTION. IF UNQUALIFIED
COMMITMENTS HAD BECOME THE BASIS FOR GRANTING
VOTING RIGHTS, OTHER COUNTRIES WOULD HAVE RECEIVED
THEIR FULL VOTING RIGHTS UNDER THE REPLENISHMENT WHEN
THEY DEPOSITED THEIR UNQUALIFIED INSTRUMENT OF
SUBSCRIPTION, WHILE THE U.S. WOULD HAVE RECEIVED
ITS VOTING RIGHTS EACH YEAR AS THE CONGRESS
APPROPRIATED FUNDS, THEREBY "UNQUALIFYING" THE U.S.
COMMITMENT. RESOLUTION PROVIDES THAT THE TOTAL
AMOUNT OF EACH SUBSCRIPTION IS PAYABLE IN THREE ANNUAL
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INSTALLMENTS OF ASCENDING OR EQUAL MAGNITUDE.

8. NETHERLANDS, CANADA, AND JAPAN, AS WELL AS OTHERS
WERE RELUCTANT TO ACCEPT THE VOTING RIGHTS FORMULATION,
WITH JAPAN RESERVING ITS POSITION ON THAT PORTION OF
THE REPLENISHMENT RESOLUTION.

9. WITH EXCEPTION OF JAPANESE RESERVATION REGARDING
METHOD OF OBTAINING VOTES, REPLENISHMENT RESOLUTION
WAS CONSIDERED SATISFACTORY BY ALL DONOR PARTICIPANTS.
JAPANESE AFDL DIRECTOR IS EXPECTED TO RECEIVE INSTRUCTIONS
FROM TOKYO WILL IN ADVANCE OF JUNE 7 BOARD OF
DIRECTORS MEETING IN ABIDJAN AT WHICH RESOLUTION AND
ACCOMPANYING REPORT WILL BE CONSIDERED PRIOR TO
SUBMISSION TO GOVERNORS FOR ADOPTION. SHOULD
JAPANESE INSIST THAT VOTING SYSTEM UNDER WHICH
VOTES ARE GRANTED ON BASIS OF ACTUAL PAYMENT
RATHER THAN ON BASIS OF UNQUALIFIED SUBSCRIPTIONS
AS UNACCEPTABLE, IT IS POSSIBLE THAT A FOURTH
REPLENISHMENT MEETING WOULD HAVE TO BE HELD.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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Disposition History: n/a
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Drafter: n/a
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Expiration:
Film Number: D780193-0475
Format: TEL
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ISecure: 1
Legacy Key: link1978/newtext/t19780589/aaaacyfk.tel
Line Count: 316
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Message ID: 07cacba3-c288-dd11-92da-001cc4696bcc
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Reference: 78 LONDON 20392, 78 GENEVA 3568
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Secure: OPEN
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Subject: SECOND GENERAL REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND
TAGS: EAID, EFIN, AFDB, AFDF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/07cacba3-c288-dd11-92da-001cc4696bcc
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